

AGN. NO.

MOTION BY SUPERVISORS MARK RIDLEY-THOMAS

October 7, 2014

Request Data and Analysis related to the Living Wage Ordinance

Given the local cost of living, Los Angeles County (County) residents who work in low-wage jobs barely make sufficient income to afford the cost of housing, utilities, transportation, food and savings for emergencies and retirement. The prevailing wage offered by the County to contract employees should reflect a wage rate that rewards their hard work, meets minimum standards of living and enhances self-sufficiency. County government should also minimize the tax-payer subsidy granted to employers which in practice keeps a low-wage workforce reliant on public assistance programs to meet their basic needs. At the current hourly rate afforded County contract workers under the County's Living Wage Ordinance, a worker with health benefits earns annually \$20,051.20 (or \$1,670.93 per month) if employed in a 40 hour per week job.

In its September 20, 2013 report back on the Living Wage Ordinance prepared pursuant to a motion adopted by the Board of Supervisors (Board) on August 27, 2013,

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MOLINA _____

RIDLEY-THOMAS _____

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MOTION BY SUPERVISORS MARK RIDLEY-THOMAS

October 7, 2014

PAGE 2

the Chief Executive Officer (CEO) calculated living wage rates with health insurance that ranged from \$8.01 per hour using the existing methodology (a decrease of \$1.63 per hour) to \$11.18 per hour based on annual Consumer Price Index adjustments to the living wage rate established in 2006.

The CEO did not provide an estimate of the increased contract cost for the hourly wage increase with insurance. However, the total increase in contract cost was estimated at \$5,878,618.00, at \$12.82 per hour, which would have been the hourly rate without insurance using the existing methodology.

The CEO's report cited the implementation of the Affordable Care Act as having created a "very new and changed environment regarding the future costs of health care." The CEO suggested that the Board "temporarily defer making changes to the living wage until more data is available to enable making short and long-term forecasts on future health care costs." With health care insurance policy price data now available for two insurance exchange "open enrollment" periods, it is appropriate to obtain the existing data on health insurance costs.

The CEO's report also recommended that the Board "instruct the Auditor-Controller to provide an annual review and update of the living wage labor calculation" based on the four methodological options proposed by the Chief Administrative Officer in his 2004 report to the Board.

THEREFORE I MOVE THAT THE BOARD OF SUPERVISORS: Direct the Chief Executive Officer, in consultation with the Auditor-Controller and the Director of the

MOTION BY SUPERVISORS MARK RIDLEY-THOMAS
October 7, 2014
PAGE 3

Department of Health Services to determine the least costly price of unsubsidized of health care insurance available to contract employees;

Direct the Auditor-Controller to include within the Living Wage Annual Report an annual review and update of the living wage labor calculation based on the four methodological options proposed by the Chief Administrative Officer in his 2004 report to the Board for a Living Wage Ordinance and updated in the Chief Executive Officer's September 20 Revised report on the Living Wage Ordinance;

Direct the Chief Executive Officer to estimate the hourly wage a worker who resides in Los Angeles County needs to earn to meet the basic subsistence needs for a single adult, a single parent family with one dependent child, a two parent family (one parent working) with one and two dependent children and a two working parent family with one and two dependent children in the Los Angeles region.

The Living Wage Annual Report is due in 120 days. The other reports are due in writing in 60 days.

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